

Remarks by
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at the

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Bill Rappleye, as befits a good newspaperman, asked why we were holding this program, and why we were holding it here. I answered these questions in reverse order, as befits an ex-lawyer/CPA turned banker. We were holding it in Montana partly because those of us who have eaten the lotus never quite get over the spell. The lure of the mountains was eloquently stated by the old lama in Kipling's Kim, who said "He who returns to the hills returns to his mother." Partly, though, it is because Montana is perhaps the most broadly representative state in the Ninth Federal Reserve District. Although most Montana city dwellers are fiercely partisan to the city of their residence and may quarrel with me, there is no one community that dominates the state -- certainly not in the sense of the Twin Cities in Minnesota and the eastern Dakotas. Further, there is almost an exact balance between rural and urban populations. And of course, with a second member of the fourth generation of our family about to continue the family tradition at the University of Montana, a certain partiality for the school is understandable -- even if the Journalism School did not have an outstanding reputation.

But why are we holding this program at all? Again, there are several reasons. Most importantly, it has to do with your business -- the communication business. You are our link with our public constituency. Political, social, economic institutions have a responsibility - indeed, an obligation - to make their operations understandable to the public. The public has a right to know the whys and hows of these institutions, be they public or private, that condition the environment of our society.

This has come hard. Institutions have had various reasons for keeping an aura of mystery about them. The most obvious of these, of course, has been linked to survival. What the people understand they may

change. In partial defense of this position, although I do not support it, there are many instances in the history of this country where change for the sake of change has destroyed, or at least seriously weakened, the glue holding society together. I suggest there is more than a little of this aimless motivation loose in the world today. There is a value in the familiar that must be considered and weighed, even though it may not be the most efficient or the most desirable in a theoretical sense. You do not have to have read Eric Hoffer's Ordeal of Change to have an awareness of the dangers inherent in a period of too rapid social or economic change. Even a cursory reading of the American press forces an awareness of the ferment, the general unhappiness of most of the world, caused in large measure by a destruction of old values and institutions before new ones have been developed and accepted.

Then there is the enormous difficulty of explaining complicated technical processes that have to be broadly understood before the policy postures of an institution can be comprehended. You are not unfamiliar with this in your professions. How many are the occasions when I have heard a newspaper's policy discussed and neatly demolished, usually at suburban cocktail parties, for an apparent shortcoming in covering this or that story. The enormous complexity of modern news gathering and pub-

lishing is as little understood, I fear, as operations of a federal reserve *contrast* bank. *Fortunately, fields of citizens have the some immediate* I am reminded of Jack E. Haynes, dean of national park commissioners, whose guidebook to Yellowstone was used by hundreds of thousands of visitors *holder of a ~~Bank~~ bank note issued by the FRB of ~~type~~ refers* to the park over three or four generations. Its usefulness was the *critique of the Ninth District ~~then~~ refers to his federal Res* result of the meticulous biennial revisions to make sure every spot of

Bank significance, however newly discovered, was reported and precisely located within a tenth of a mile. In this effort he usually enlisted the aid of

the then assistant superintendent, Joe Joffe, to serve as proof reader and checker. Item by item they would work their way through the galleys, verifying distances, geyser eruption tables, animal counts, and the myriad of other details. One fall, when they finally reached the end, Jack laid his pencil down with a sigh of relief, and contemplating the pile of galley proofs in front of them, sighed to Joe and said, "Joe, do you suppose any reader of the Haynes guide has any idea just how much trouble we go to, to produce this damn thing?" "No," was Joe's rejoinder, "but I don't think anyone gives a damn either."

But my point is, we have to try. Our public institutions have to be understood in however general terms. The stakes are enormous. There is no longer the slippage between changes in national policies and the man in the street that a few years ago provided time for a smoothing of the impact among the different sectors of the economy.

If the objectives--the national goals--are not clearly enunciated, the public, or parts of it, cannot be blamed for pursuing their own nihilist courses. If the alternatives for action are not fairly presented, the experts--and this is truly a nation now of experts who may have these alternatives clearly in mind--cannot be heard to complain too loudly if the public opts for the wrong ones.

And there is a respectable proportion of the public that is interested and is capable of understanding these processes and goals. We are besieged in our bank with requests for speakers and publications on economic matters that ten years ago would have been as remote from public interest and comprehension as nuclear fission. It has occurred as a by-product of the affluent society I suspect; and combined with the increase in the general level of public education has created a knowledge market that has not been well served. I won't bore you with the statistics of

personal income, the number of investors, the number and kinds of books sold.

There is a race going on in the United States--a race between the raw power of aroused, confused, and unhappy people concentrated in big groups that are just beginning to develop an awareness of their ability to change patterns of production and distribution of wealth; and the evolution of our public and private institutions to serve the total needs of the U.S. in responsible ways within the framework of our society as we have known it. It is too early to prophesy the outcome of that race, but we can and must influence it as best we can. This means, above all, informing people about their options in our economic system; the pattern of national goals and priorities as they are viewed from our particular vantage points; the price tags that are attached to all of these--and there are price tags on each. Full employment, stable prices, economic growth, equilibrium in our balance of payments--these only rarely are parallel objectives. There nearly always must be a trade off, a judgment evaluation. And it is this judgment evaluation that ultimately must reside in the people in a democracy.

In this process of communication an institution often falls over its own feet. There are, after all, limited ways to state your own case--limits imposed by the nature of the institution itself. No matter how hard we try, there is always a danger of self-serving.

With regard to the former point, you have probably heard as much as you care to about the need for fiscal action. That was not the reason for this session. Believe me, our hearts are pure; and if our strength today has been that of ten, praise the Lord and pass the tax increase. But it was not our objective. We believe as a matter of conviction, an article of faith, that the news media are the nerves of the country along

which travel the bewildering barrage of stimuli received at the thousands of points of exposure of people to people, institutions and their constituencies.

And may I make it abundantly clear, and change my metaphor, yours has to be an objective mirror for American citizens to view themselves and their institutions. This includes the Federal Reserve System and that part of it which we represent, the Federal Reserve Bank of Minneapolis. In this context you must have the total right to report monetary policy as the story appears to you, not to us. But we have the obligation to see to it that the processes and goals developed within our institutional framework are visible to you, which means in turn that you must do enough homework to recognize them when you see them. *Intellectual curiosity*

For you have the ultimate responsibility to make national policies and the institutions that spawn them relevant to the public, to put them into terms that can be understood. There is an old political saw, "Let the people decide." The people are learning painfully that the U.S. is not invincible--politically, economically, or militarily. We have a joint obligation to see that they know their alternatives.